



Seattle Office of Housing

Request for Proposals

***For Resale-Restricted Affordable Homeownership
Development at
1312 -1326 Yakima Avenue South***

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Responses Due: September 28, 2017 by 5:00 PM

Responses are to be submitted to:

Mailing Address

Attention: Erika Malone, Senior Homeownership Specialist
P.O. Box 94725
Seattle, WA 98124-4725

Street Address

700 - 5th Avenue, Suite 5700

For more information, contact

Erika Malone, Senior Homeownership Specialist

206-684-0247

erika.malone@seattle.gov

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I. Introduction, Objectives and Evaluation Criteria

The City of Seattle Office of Housing (OH) is seeking proposals from qualified developers interested in acquiring the City-owned land located at 1312-1326 Yakima Avenue South to develop resale-restricted affordable ownership housing at the site.

Any proposed project must comply with all local, state and federal rules and statutes necessary to obtain development permits and approvals. Any selected developer will be bound to laws and ordinances regarding equal employment opportunity and the selected proposal will need to be approved by City Council prior to the disposition of the property.

Objectives:

1. *Affordability Level and Duration:* This request seeks proposals to create lasting community benefit through the development of resale-restricted homes for ownership. The successful proposal will be for the development of high-quality, ownership housing with resale-restrictions that maintain affordability for the longest term practicable, and at a minimum for 50 years. Housing should be affordable for and sold to homebuyers with incomes at or below 80% AMI of median family income for the Seattle area, as published from time to time by the Office of Housing.
2. *Site Use:* The successful proposal will maximize the development potential of the site while remaining compatible with the scale and character of the neighborhood.
3. *Product Quality and Design:* The successful proposal will propose homes that are well-designed, attractive and high-quality. Construction methods and materials proposed should be expected to provide a durable, sustainable homes for low-income residents during and beyond the required affordability period.

Evaluation Criteria:

Proposals can be submitted by single organizations that believe they meet all the criteria or by a partnership between organizations that collectively meet all the criteria. If a proposal is submitted by a partnership, take care to articulate and delineate the roles of each of the organizations. Applicants are encouraged to submit creative proposals that respond to the following criteria:

1. *Fulfilment of City Objectives:* Proposals should clearly articulate, both in narrative and in budget form, how the project will fulfill the City's objectives as outlined above.
2. *Timeliness:* Proposals should document the developer's ability to complete the project in a timely manner. Proposals should include a timeline that outlines critical path items leading to the successful completion of the project, including permitting, financing, and construction milestones. If applicants intend to use public subsidy, the timeline should identify each public funder and when applications to each funder will be made. The applicant(s) production pipeline of simultaneous projects will be considered when evaluating organizational capacity and project timeliness potential.

3. *Feasibility:* Proposals will demonstrate the sponsor's ability to obtain financing in a timely manner, including as appropriate both construction and permanent financing. Proposals will include a development budget that identifies all sources and uses for both construction and permanent financing. Proposals should also indicate the amount that the applicant proposes to pay for the property and explain the need for any discount.
4. *Capacity:* Proposals should be submitted by an organization(s) that clearly demonstrates organizational and financial capacity to complete the proposed project. This includes sufficient staff resources to respond to City and community concerns, the financial capacity to sustain the organization throughout the period of performance, the technical capacity to oversee design and construction, and the financial and staff capacity to support homeowner success and provide stewardship for the required affordability period.
5. *Experience:* Proposals should be submitted by an organization(s) with both organizational and specific staff experience in the development and stewardship of affordable ownership housing. The successful proposal will be submitted by an organization(s) that has successfully completed at least two homeownership developments in the City of Seattle, has a successful track record of stewarding affordable ownership housing, is familiar with the neighborhood and understands and has the ability to respond to community concerns. The successful proposal will be submitted by an organization(s) that has demonstrated success in reaching traditionally underserved populations, including people of diverse ethnic and cultural background and people with disabilities. OH will prioritize proposals that identify strategies for engagement of/marketing to communities with historical ties to the neighborhood.

II. Project Background

Supporting the development of affordable homeownership has long been a City strategy to promote social justice and help reverse racial and wealth inequities caused by decades of discriminatory real estate and lending practices. Seattle's extraordinarily expensive housing market has made it increasingly challenging to support low-income households achieve their dream of buying their first home. In this context, public property offers a unique opportunity to increase the supply of affordable homes.

The Seattle Office of Housing has a long history of investing resources in affordable homeownership opportunities for low-income people. This commitment was bolstered further with the recent renewal and doubling of the Seattle Housing Levy, which provides reliable funding for affordable homeownership programs. Affordable homeownership strategies were also reinforced by the Housing Affordability and Livability Agenda (HALA) Advisory Committee, which recommended expanding utilization of permanently affordable homeownership models and integrating affordable homeownership into its surplus property strategies.

The property is currently City owned and was determined to be excess to the City's needs in 2013. Per the City's procedures for the evaluation on the reuse and disposal of real property, all City departments were given an opportunity to review the Excess Property notice. OH was the only city department that indicated interest in the property.

Based on factors such as site size and characteristics of the surrounding neighborhood, preliminary OH analysis suggested that the site suitable for development of for-sale homes. OH subsequently released a Request for Interest (RFI) in August 2016 to determine sufficiency of interest among potential developers of resale-restricted, for-sale homes to warrant issuance of a Request for Proposals (RFP). Based on those RFI responses, OH determined that there was sufficient interest to justify releasing a full RFP.

III. Site Information

This site is located in the Leschi neighborhood of Seattle. The property consists of seven platted lots, each oriented east to west, totaling approximately 16,320 SF. Each lot fronts onto Yakima Avenue South on the western boundary. South Irving Street intersects Yakima Avenue South near the southwest corner of the site, where a moderately steep walkway runs east and west in the unopened right-of-way of South Irving Street, providing pedestrians access to 30th Avenue South.

In the RFI published in August 2016, OH asked interested parties to identify additional due diligence reports that would be helpful in the preparation of final RFP responses. The City's Department of Financial and Administrative Services (FAS) and OH worked together to commission the following additional reports based on feedback received. Along with additional supplemental documents that were part of the original RFI, all reports are included as part of this RFP and can be found [here](#).

General Site Information:

- **Address:** 1312 – 1326 Yakima Avenue South, Seattle WA 98144
- **Neighborhood:** Leschi neighborhood
- **Property Location:** The northeast corner of the intersection at Yakima Ave S and S Irving, Seattle, WA 98144
- **Legal Description:** Lots 5 through 11, Block 3, Jackson and Rainier Street Addition recorded in Volume 3 of Plats, page 65, Records of King County, Washington
- **Tax ID Numbers:** 364410-0185, 364410-0190, 364410-0195, 364410-0200, 364410-0205, 364410-0210 and 364410-0215
- **Zoning:** Lowrise 1 (LR1)
- **Size:** Seven rectangular contiguous lots, totaling 16,320 square feet. Six of the lots measure roughly 2,400 square feet apiece with dimensions of approximately 25' x 96'; the corner lot is 1,920 square feet with dimensions of approximately 20' x 96'.
- **Appraised value** (*based on the assumption that there is no environmental contamination, and that there is an environmentally critical area exception to allow development as follows*):
Assuming development of 9 units: \$1,350,000
Assuming development of 7 units: \$1,225,000

General site conditions:

- Approximately 40% of the property contains a steep slope with an average 30' drop in elevation from east to west. Applicants would need to apply for an exception to the Environmentally Critical Area designation to maximize development of the site. Based on the extent of such an exception, the site could accommodate development of between 7 and 9 townhomes.
- Unopened S. Irving St. lies directly south of the property, with a pedestrian pathway running between Yakima Ave. S. and 30th Ave. S.

The *Preliminary Report and Draft Public Input Process* were published on June 21, 2017. On the same day the Affordable Housing, Neighborhoods and Finance Committee was briefed and gave the go ahead to release this RFP as part of the disposition process.

Final property disposition is subject to approval by City Council.

IV. City Subsidy

Two forms of OH subsidy may be available for proposed projects:

- 1) The land may be available at discount; depending on the proposal and the amount of affordability provided the land may be available at no cost, and
- 2) A total of other City Funds, in the range of \$500,000-\$900,000 may be available from the Homebuyer Assistance Program to subsidize proposals to serve low-income first-time homebuyers. Standard Homeownership Program policies will apply to such funding, including maximum amount of assistance, as follows:
 - Up to \$70,000 per household for homes with fewer than 3-bedrooms (resale-restricted)
 - Up to \$90,000 per for homes with 3 or more bedrooms (resale-restricted)

For the complete set of Homebuyer Assistance Program policies, including the need for the applicant to be in "Good Standing" see pages 37-46 of the 2016 Housing Levy Administrative and Financial Plan and Housing Funding Policies found [here](#).

Applicants are asked to maximize the land discount before requesting additional City subsidy.

V. Proposal Submissions

Proposals should contain the following components (you will need to access the [Yakima RFP Forms](#) for some of the submission portions):

1. Introduction: Please craft a cover letter describing the general project overview and provide project sponsor contact information. If proposal is being submitted by a partnership please identify the primary sponsor contact.

2. Project Sponsor: Please name and describe the project sponsor(s). If the proposal is being submitted jointly, please provide all of the requested information for each project sponsor. Please provide a description of the project sponsor(s) including organizational information such as incorporation date, state and IRS tax status, mission, vision, strategic plan highlights (as they may relate to the proposed project), program areas and aggregate client race, ethnicity and income and information. Please provide names and experience of senior management and board members or principals/founders as applicable. If submitting the proposal jointly, please provide a detailed description of the partnership relationship.
3. Project Description: Provide a narrative description of the proposed development, the number and types of homes and the intended market including the affordability level of homes to be developed. Describe the project design principles and explain how the proposed project will work with the physical constraints of the site. Describe the proposed ownership structure including whether there will be a Homeowner's Association. Describe how the project will fit within the existing fabric of the neighborhood and the surrounding properties. Describe the proposed timing and schedule for the project. (Please also complete tab 3 of the Yakima-RFP-forms.)
4. Project Design: Include conceptual design drawings showing the size and character of the proposed development including primary construction materials. Drawings must include the following:
 - a. A site plan showing the building footprint, parking, and location of curb cuts.
 - b. A cross section showing a typical structure's relationship to the site grades.
 - c. At least one elevation drawing, or image of the type of structure proposed.
 - d. A typical unit floor plan.
5. Affirmative Marketing and Community Engagement: Describe your marketing strategy and homebuyer selection process, including the establishment and management of any waiting lists. Describe how potential homebuyers learn about or are referred to your program and how you have or plan to conduct affirmative outreach. Describe any organizational/community relationships and identify strategies and/or partnerships for engagement of/marketing to communities with historical ties to the neighborhood.

Describe how you plan to or have notified and/or engaged neighbors in the project development process.
6. Stewardship Plan: Describe exactly how you propose to keep the homes affordable for the required 50 years. Please include a template of the legal document(s) you intend to use to secure affordability. Please describe how the documents, the initial price and the resale formula aligns with the 2016 Housing Levy's Administrative and Financial Plan and Housing Funding Policies (which can be found [here](#)) and model out how affordability will be maintained over the 50-year affordability period. Describe how this long-term stewardship obligation will be staffed and resourced.

The most pertinent excerpt of the Administrative and Financial Plan regarding the initial sales price and resale formula follows:

“Initial Purchase Price and resale price formula. The Initial Purchase Price and the formula to be used to determine resale price limits are subject to OH approval. The “Initial Purchase Price” is the value that will be entered into the instrument restricting the resale price and is the value to which the resale formula will be applied. The Initial Purchase Price and the resale price limit may exclude or provide adjustments for subsidies to the buyer or junior mortgage financing that is subject to forgiveness or may be assumed upon resale. The terms of any junior mortgages and/or other subsidy shall be subject to approval as well as their potential impact on current and future affordability. OH may provide development subsidy to allow for an Initial Purchase Price to be affordable to households with incomes between 65% and 75% of Median Income to improve the likelihood that homes will continue to be affordable to income-eligible homebuyers for a minimum of 50 years.

The applicant must demonstrate that the Initial Purchase Price is affordable at an income level approved by OH and the resale formula is likely to keep the home affordable to Low-Income households at subsequent resales over the course of the affordability period. Generally, an affordable price is one that results in total housing payments in the range of 25% to 35% of the household’s income. OH will assess the affordability of the Initial Purchase Price assuming the minimum required homebuyer contribution and a household size equal to the number of bedrooms plus one. OH may allow or require exceptions to the assumed household size, for example for shared housing or limited equity cooperatives. Other assumptions used to determine the Initial Purchase Price, including but not limited to housing payment ratios, interest rates and property taxes, are subject to OH approval.

The resale price formula shall be applied to the Initial Purchase Price and shall establish restrictions on future purchase prices in order to provide for continued affordability to Low-Income homebuyers over a reasonable range of future changes in median incomes and interest rates. The resale price formula may allow for limited annual increases in resale prices, generally between 1% and 3% per year, with possible adjustments based on junior financing terms as described above or others approved by OH.”

7. Development Budget and Narrative: Please provide a detailed estimated project development budget including uses and financing/funding sources, estimated sales prices and amount of City and all other subsidy if applicable. The sources of financing for land acquisition, pre-development costs, and construction should be delineated in budget. (Please also complete tabs 6A, 6B-1 and 7 of the Yakima-RFP-forms.)

Please include and explain all assumptions used to create the budget. (Please also complete tab 6C-1 of the Yakima-RFP-forms.) Please include funding contingency plans and the effect of the project timeline if applications to other subsidy sources are unsuccessful.

Please also include information about the construction costs of the typical proposed home (please complete tab 6E), how you determined the initial sales price for each of the various home types and show the monthly payment details of different income levels and household sizes of target homebuyers. (Please also complete tab(s) 8, 8(2), 8(3), etc. of the Yakima-RFP-forms.)

8. Estimated Project Timeline: Provide estimated development phase lengths, information about the impact on timing of other funding deadlines, as well as any additional information that may affect development timelines. (Please also complete tab 5A of the Yakima-RFP-forms.) Also attach a Gantt chart type visual representation of this and other projects that may be occurring simultaneously. Describe how other projects may affect the timeline of this project.
9. Development Experience: Please provide an overview of housing development and project-related experience, including size and type of project(s) number of units produced, rehabilitated, owned and/or managed/stewarded.
 - a. **The Team**: Identify and describe your development team. In separate paragraphs, identify each person or company involved with the project team, and their respective roles. Include information on the team member's experience and qualifications. Additionally, include the resume of key team members. (Please also complete tab 9 of the Yakima-RFP-forms.)
 - b. **Past and Current Projects**: The projects described should illustrate the developer's experience with single-family new construction projects similar in scope and size to the proposed project. Submit the following information on projects used to demonstrate experience:
 - i. Project name
 - ii. Location/jurisdiction
 - iii. Description of the project size and scope
 - iv. Project start date, when construction was completed, date project was occupied and/or when last home was sold (if a current project, please include its current status and projected date of completion.)
 - v. List and description of the development team (staff members, consultants, volunteers, contractors, etc.)
 - vi. Description of the ownership structure along with a description of resale-restrictions if any
 - vii. Detailed development budget with all sources and uses
10. Stewardship Experience: Describe development entity's experience with homeowner support and/or stewardship of home affordability. If the development entity does not have experience with homeowner support and/or stewardship of home affordability, describe how these services will be provided in relation to the proposed project. (see #6 above.)
11. Financial Capacity: Describe the development entity's (and/or development partners') financial capability to complete the proposed project. Provide a copy of the most recent

3 years of audited annual financial statements. Applicants that do not have third-party audited financial statements will be required to provide alternate documentation to demonstrate financial soundness.

VI. Terms of Transfer

OH will negotiate the specifics terms of a purchase and sale contract with the selected developer. The contract will contain covenant(s) limiting development on the property to that which has been approved. The description of the project, drawings, and timeline, as refined through the negotiation process, will constitute the “Development Plan” and will be included as an exhibit to the contract. There may also be a deferred purchase price deed of trust and promissory note executed, the terms of which will be negotiated prior as part of the purchase and sale contract.

If the selected developer fails to reach agreement with the OH on the terms of the various contract documents within a reasonable time period, determined by OH, OH may reject the development proposal and re-advertise the property or enter into direct negotiations with one of the other qualified respondents to the RFP. The negotiated purchase and sale contract, all associated documents and the corresponding legislation for disposition is subject to approval by City Council.

VII. Disclaimers and Disclosure

This RFP is not a commitment or contract of any kind. OH reserves the right to pursue any and/or all ideas generated by this request. Costs for developing submissions are entirely the responsibility of the submitting Developer and shall not be reimbursed. OH reserves the right to alter timelines, amend or retract the RFP, waive as informality any irregularities in submittals, and/or reject any and all submissions. OH reserves the right to waive any requirements of this RFP when it determines that waiving a requirement is in the best interest of The Office of Housing.

All proposals and related materials become the property of the City upon delivery to OH. State law, RCW Ch. 42.17, provides that public records are subject to public inspection and copying unless specifically exempted. RCW Ch. 42.17 enumerates limited exemptions a public agency’s obligation to disclose public records. If the applicant believes that portions of its proposal are exempt from disclosure to third parties, the applicant must clearly label the specific portions sought to be kept confidential and specify an exemption that the applicant is relying on. However, acceptance of a proposal containing such designations by OH is not an agreement that such material is legally confidential, and the Office of Housing cannot guarantee that such information will not be disclosed.

The applicant recognizes and agrees that the City will not be responsible or liable in any way for any losses that the respondent may suffer from the disclosure of information or materials to third parties, nor for any use of information or materials by third parties.

All costs of preparation of proposals and all related expenses are at the sole risk of the Developer. No Developer shall have any claim against the City for any costs incurred in

responding to this RDQ/P or in any negotiations, modifications of proposals, presentations or other actions to secure a contract for purchase of the Property, whether or not at the request of the City. Unless and until a purchase and sale contract shall have been duly authorized by ordinance and signed by the City and the Developer, the City shall retain the right to terminate the sales process, and/or to dispose of the Property in any manner permitted by law, without liability to any Developer.

RCW 35.81.095 provides in part: “A municipality shall not be required to select or enter into a contract with any proposer or to compensate the proposer for the cost of preparing a proposal or negotiating with the municipality.”

VIII. Questions and Requests for Additional Information

Questions, clarifications, or requests for additional information regarding this RFP can be sent, via email to erika.malone@seattle.gov any time before **9:00 A.M. on August 24, 2017**. A list of all the questions received by that date, along with the answers to those questions will be emailed to all firms that express an interest in such information by **5:00 P.M. August 31, 2017**.

There will be an attempt to answer questions and distribute the answers to such questions received after the above date but it will not be guaranteed.

IX. Submission Details

Please submit one (1) original and one (1) copy of the proposal. Please see the [proposal checklist](#) to ensure that your submission is complete. Submission must be received by OH by the deadline which is **5:00 PM on September 28, 2017**.

The submission packet is to be clearly labeled as Proposal: *PMA 1594 Yakima Affordable Homeownership Project* and hand delivered to the following address:

Attn: Erika Malone, Senior Homeownership Specialist
Office of Housing
City of Seattle
700 5th Avenue, Suite 5700
Seattle, WA 98104

Or mailed to:

Attn: Erika Malone, Senior Homeownership Specialist
Office of Housing
PO Box 94725
Seattle, WA 98124-4725

Any proposals received after the **5:00 PM on September 28, 2017** deadline will not be accepted or considered.

X. Proposal Review and Selection Process

OH will review proposals to ensure they are complete and responsive to the RFP. If proposals are submitted prior to the deadline but are found to be incomplete OH may request that the applicant submit the missing information.

OH will form a review committee to assist in the selection process. At OH's discretion, applicants may be asked to attend an in-person interview where they will present the project and answer questions from the committee. Applicants will be informed by **October 31, 2017** as to whether or not they will be invited to participate in an interview.

After the proposal review and the interview, if requested, the committee will provide recommendations to the OH Director. The OH Director will then select the proposal. OH staff will work to negotiate the purchase and sales contract as outlined above and submit legislation for the transfer of the property for approval by City Council. OH will be responsible for selecting the proposal(s) that best meets the objectives outlined in this RFP.